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OFFICIAL INFORMAL

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SUBJECT: OFFICIAL INFORMAL NUMBER 132 (09-23-02)

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DEMINING/ESF IDEAS

11. (SBU) We have the following demining and ESF ideas for your review:

Demining:

12. (SBU) PM/HDP knows the demining situation in Sri Lanka from A through Z. As you know, Murph McCloy and company ran an assessment of the situation over the summer, which came up with a number of conclusions. The end result was a decision that the QRDF would be extended until late October and that a DoD-run military-to-military training program would start up shortly thereafter. We understand that State Department funding would be involved in the mil-to-mil program. While we take a bow to PM/HDP based on its clear expertise in this issue, we have the following ideas on other possible demining add-ons after discussions with experts in Colombo:

-- Sri Lanka In-Country Projects: These projects would be similar to the QRDF project in all but name. Essentially, the USG would fund contractors to demine and remove UXO at sites in the north and east. In the north, the team would continue the work that the QRDF is now doing in Jaffna. In the east, the team could set up at a site near Batticaloa or Trincomalee where mines and UXO were present. (Note: We think the east is an important area for the U.S. to show the flag in, given the inter-ethnic friction present there that could potentially disrupt the peace process.) We would estimate that the Jaffna project would cost 2 million USD a year and the smaller eastern project about 1 million USD a year.

-- Civilian-to-civilian training: As noted, the USG already has a plan to begin mil-to-mil demining training. This proposal would provide civilians with demining training. The training could be routed through local foundations in Sri Lanka, including those with involvement in the Tamil and Muslim communities. The training could also involve dogs or manual demining, geared as necessary to the level of the trainees. We estimate that this project would cost 1.5 million USD per year.

ESF Proposals:

13. (SBU) The most pressing, immediate needs for assistance in the conflict-affected northern and eastern regions of Sri Lanka are related to the spontaneous return of internally displaced persons and refugees (160,000+ since the beginning of the year, according to UN figures). Employment-generating, basic-needs resources are required as quickly as possible not only for returnees but also for other conflict-affected persons, including members of the host communities into which returnees are attempting to reintegrate. Unsustainable return would destabilize the fragile peace process now well underway; for that reason, the primary focus of donor assistance on the North and East in the short term is likely to be acceptable even to the majority of Sri Lankans elsewhere on the island.

14. (SBU) In the medium to longer-term, if not sooner, however, assistance efforts ideally will offer clear benefits for the South. This is particularly vital for communities in the drought-prone southeastern districts, where diversion of major portions of the GoSL's budget to the conflict has deepened the region's traditional poverty, and as de-mobilization of combatants accelerates. In purely economic terms, the war has buoyed the rural southern economy for years; assisting ex-combatants in making the transition to peace will be a key element to a sustainable process.

15. (SBU) Possible targets for short-term assistance that we envision the USAID's Office of Transitions Initiatives taking the lead on include the following items with the exception of micro-enterprise financing and the "e-peace

bridge".

A.Drinking water and sanitation: Rain-water catchment pans and construction/restoration of sanitary latrines. These activities generate local employment and prevent the spread of water-borne diseases. Notional costs: Catchment for 100,000 families, US\$2.5 Million, latrines for 50,000 families: US\$1million (in north, east & south)

B.Mine-risk education: Economic pressures continue to force people into areas that are not safe due to presence of mines and unexploded ordinance. US Government support to RONCO, through 10/30, covers de-mining activities only and not mine-risk education, an essential component of an overall mine-action program. Notional cost: US\$200,000 (in north and east)

C.Employment-generating restoration of small-scale irrigation facilities, i.e. reservoirs. Construction of 50 of these would generate jobs and have lasting "down-stream" benefits for restoring small-scale agricultural production. Notional cost including cash for work and locally-available equipment: US\$1 Million.(north, east and south)

D."E Peace Bridge": Establishment of information-technology education centers: This initiative will provide through world link and worldview International for the provision of ICT equipment, training, online collaborative projects and discussion on social cohesion in 100 secondary schools and community centers. This program will result in increased dialogue, linkages, and understanding between Sri Lankan youth from different parts of the country, provide training and employment opportunities in the IT sector and provide access to technology. This will cost US\$ 1 Million.(Island-wide in targeted schools).

E.Construction/restoration of dwellings: Ties in with the GoSL's efforts to relocate IDPs, particularly those living in welfare centers. Some 20 percent of the estimated 800,000 Sri Lankans who were displaced at the start of 2002 lived in welfare centers, some for as long as 10 years. For many, the decision on whether to return to their places of origin, or settle somewhere else on state-provided land, hinges on the availability of housing. Possible opportunities for employment generation, cash for work. Notional figure: 25,000 families at \$1,000 per dwelling: US\$2.5 Million. (north and east).

F.Micro-enterprise financing: The overwhelming majority of IDP/refugee returnees, as well as families in host communities, support themselves through agriculture and fisheries. Sustainable livelihoods will require getting funds into the hands of NGOs for micro-lending to small farmers and fisherfolk to purchase agricultural inputs such as seeds, fertilizer; no pesticides with USAID funds), and fisherfolk to purchase nets, or to repair boats. Funds should be on-lent at interest rates prevailing at banks in the locality. Ideally packaged with business development skills, and paired with capacity building for local Farmer Organizations (FOs). Notional cost US\$1 Million (north, east and south)

Total Notional Figure: US \$9.2 million.

Prospective partners: The following USPVOs or their international affiliates are represented in Sri Lanka: CARE/International, Save the Children Fund (UK), and World Vision. Each however needs to be asked about contacts and/or partnerships with Sri Lankan PVOs or self-help societies in the northeast and the southwest. UNICEF would also be a potentially excellent partner, as would WFP for food-for-work.

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